

100-5-0067...

MAY 28 1954

The Honorable
The Secretary of State
The Department of State
Washington 25, D. C.

Dear Mr. Secretary:

25X1 In connection with previous proposals emanating from the intelligence community regarding controls on the export of electronic equipment to the Soviet Bloc, the Central Intelligence Agency has, [redacted] completed a study of the rate of construction of civil communications landlines in the Soviet Bloc. This study, combined with other information, indicates that less than five percent of Bloc production of copper was utilized for this purpose in 1953. While sufficient evidence is lacking for the calculation of copper consumption for military landlines, it is not believed, on the basis of communications cable and wire production capacity, that the amount used for such purposes in the Bloc would exceed an additional five percent of total copper consumption. The USSR alone, in its Five-Year Plan, implied an annual copper requirement of nearly 20,000 metric tons for construction of civil landlines, but current annual consumption for this purpose is believed to be only about 8,000 metric tons.

This Agency believes, however, that there is a possibility of increased allocation of copper to landline construction, i. e. a considerably larger proportion of any increment in copper availability might be applied to further development of these lines than has been allocated in the past.

The Agency has also re-evaluated the pattern of copper consumption within the Soviet Bloc and estimates that about 200,000 to 230,000 metric tons (i. e., somewhat less than fifty percent of

NSA and DOS review(s) completed.

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total copper consumption) was being used in 1953 for munitions, military hardware, direct support of military activities, communications landlines, and for stockpiling (estimated at 47,000 tons). Consumption of copper by the electric power industry is not included in the military consumption figure.

The extraordinary clandestine trade efforts to obtain copper from the West provide evidence that copper is in short supply for programs (not necessarily military) within the Bloc.

Sincerely,

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Allen W. Dulles
Director

CONCUR:

Robert Amory, Jr., DD/I

OAD/RR/OEGuthe/mm
25 May 54

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25 May 1954

MEMORANDUM FOR: Director of Central Intelligence
THROUGH : Deputy Director/Intelligence *RMR*
SUBJECT : Proposed Letter to Secretary of State

1. In a memorandum of 23 March 1954 signed by you as Chairman of USCIB, certain recommendations were made in regard to controls on the export of electronic equipment to the Soviet Bloc.

2. Later, at the instigation of the Department of State, ORR undertook the two studies referred to in the text of the proposed letter. These studies have been made available to the Department of State.

25X1 3. feels that a statement of the copper situation in the Soviet Bloc, based on these studies, would be extremely helpful in bringing current information on the SovBloc copper situation to the attention of those responsible for negotiations at COCOM. He further felt that this should be directed to the Secretary of State since both the Economic Defense Staff and the R Area of State are concerned. Representatives of the Department of State have informally concurred in the substance of the proposed letter.

OTTO E. GUTHE
Assistant Director
Research and Reports

Attachment

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